

## Message Text

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PAGE 01 CONAKR 00692 070228Z  
ACTION AF-10

INFO OCT-01 ISO-00 EB-08 COME-00 INT-05 OPIC-03 GSA-02  
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R 061245Z APR 78  
FM AMEMBASSY CONAKRY  
TO SECSTATE WASHDC 4197

CONFIDENTIAL CONAKRY 0692

DEPARTMENT PASS OPIC

E.O. 11652: XGDS-1  
TAGS: EINV, EMIN, GV  
SUBJECT: EXPLOITATION OF GUINEAN DIAMOND DEPOSITS

REF: STATE 80892

1. DDI, INC. IN ASSOCIATION WITH HARRY WINSTON, INC. HAS SIGNED PROTOCOL FOR EXPLOITATION OF DIAMONDS IN 40,000 SQUARE KILOMETER AREA OF GUINEA (ABOUT 16 PERCENT OF GUINEA'S TOTAL AREA). PROTOCOL GIVES DDI/WINSTON BASIS FOR CONTINUING NEGOTIATIONS. MAIN STUMBLING BLOCKS IN NEGOTIATIONS HAVE BEEN SIZE OF EXPORT TAX, TOTAL AREA AND LOCATION OF CONCESSION, AND RATE OF DEVELOPMENT.

2. DDI/WINSTON WANT EXPORT TAX SPECIFIED BEFORE FEASIBILITY STUDY BEGINS WHILE GOG WANTS TO SPECIFY TAX AFTER STUDY. GOG ALSO HAD LED DDI/WINSTON TO BELIEVE THAT ITS CONCESSION AREA WOULD BE 70,000 SQUARE KILOMETERS (ENTIRE DIAMOND-BEARING REGION) WHILE IN FACT GOG HAS SPLIT AREA INTO TWO CONCESSIONS OF 40,000 AND 30,000 SQUARE KILOMETERS. THE FIRST, DDI'S, IS CENTERED ON BEYLA, KEROUANE, AND KOUROUSSA, WHILE BRITISH-SWISS COMPANY HAS TERRITORY SOUTH AND WEST OF DDI'S TO SIERRA LEONE AND LIBERIA BORDERS. MINISTRY OF MINES STILL HOLDS OUT SOME CONFIDENTIAL

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PROMISE THAT ONE OF TWO CONCESSION HOLDERS MAY ULTIMATELY GET ENTIRE AREA, BUT MINISTRY OF MINES SOURCE STATED THAT THIS WAS MERELY BARGAINING POINT TO ENCOURAGE SPEEDY DEVELOPMENT. DDI FEELS THAT ITS AREA HAS GOOD LONG-TERM PROSPECTS BUT NO SHORT-TERM RESERVES WHILE OTHER CONCESSION, ALTHOUGH HAVING LESSER LONG-TERM PROSPECTS, HAS EXCELLENT SHORT-TERM

RESERVES. THUS DDI IS GETTING BIRD IN BUSH WHILE COMPETITOR IS GETTING ONE IN HAND.

3. CONCESSION OF BRITISH/SWISS CONSORTIUM (MADE UP OF IDC LTD. AND SIMONIUS FISCHER RESPECTIVELY) IS TO BE DEVELOPED WITHIN 20-MONTH PERIOD BY PROTOCOL WHICH GOG SIGNED SAME WEEK AS THAT OF DDI/WINSTON PROTOCOL. RELIABLE MINISTRY OF MINES SOURCE STATED THAT IDC HAS EXPERIENCE IN SIERRA LEONE AND FISCHER IS DIAMOND TRADING/FINANCIAL COMPANY. WHEN ASKED IF TWO GROUPS WERE IN COMPETITION, SOURCE STATED THAT THEY WERE NOT. HE STATED THAT TWO PROTOCOLS CONTAINED BASICALLY SAME PROVISIONS EXCEPT FOR DIFFERENT CONCESSIONS. GOG TOOK EVERY MEASURE TO KEEP TWO CONSORTIA APART EVEN THOUGH BOTH WERE IN CONAKRY SIMULTANEOUSLY. DETAILS OF BOTH PROTOCOLS ARE BEING CLOSELY HELD.

4. NEXT STEPS WILL BE TO NEGOTIATE DETAILS OF ACCORD, FORM JOINT VENTURE COMPANY, BEGIN FEASIBILITY STUDIES AND PLANNING FOR FULL-SCALE EXPLORATION EFFORT FOR NEXT DRY SEASON. DDI ADVOCATES THREE-YEAR PROGRAM LEADING TO SMALL PILOT PLANT IN THIRD YEAR.

5. GOG BELIEVES SITUATION IS URGENT SINCE ILLEGAL EXPLOITATION TAKING PLACE AND GUINEAN DIAMONDS BEING EXPORTED THROUGH LIBERIA AT LOSS TO GUINEA. ACCORDING CONFIDENTIAL

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TO MINISTRY OF MINES SOURCE, ILLEGAL EXPORTS ARE ALMOST IMPOSSIBLE TO ESTIMATE BUT 100,000 CARATS PER YEAR OF BETTER QUALITY GEMS DID NOT SEEM UNREASONABLE FIGURE. FOR COMPARISON, MINISTRY OF MINES BELIEVES THAT TOTAL PRODUCTION OF BOTH CONCESSIONS WILL BE ABOUT 2,000,000 CARATS/YEAR SPLIT EQUALLY.

6. MINISTER KABASSAN KEITA WILL PROBABLY NOT GO TO US BEFORE MAY. ALTHOUGH HE IS PLANNING TRIP, HE WILL VISIT OTHER WEST AFRICAN COUNTRIES FIRST. TWO-MAN MINISTRY OF MINES DELEGATION IS CURRENTLY VISITING DDI IN NEW YORK.

7. ACTION REQUESTED: DEPARTMENT INFORM LAMPIETTI (DDI) SUBSTANCE PARA 3 UNCLASSIFIED. CROSBY

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## Message Attributes

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**Disposition Date:** 20 Mar 2014  
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**Subject:** EXPLOITATION OF GUINEAN DIAMOND DEPOSITS  
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**Type:** TE  
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